

Internal Revenue Service

P.O. Box 2508
Cincinnati, OH 45201

Department of the Treasury

Release Number: **201515040**

Release Date: 4/10/2015

Date: January 15, 2015

Employer Identification Number:

Contact person - ID number:

Contact telephone number:

LEGEND

X= program name

y = dollar amount

Z= state

UIL

4945.04-04

Dear _____ :

You asked for advance approval of your educational grant procedures under Internal Revenue Code section 4945(g)(3). This approval is required because you are a private foundation that is exempt from federal income tax.

Our determination

We approved your procedures for awarding educational grants. Based on the information you submitted, and assuming you will conduct your program as proposed, we determined that your procedures for awarding educational grants meet the requirements of Code section 4945(g)(3). As a result, expenditures you make under these procedures won't be taxable.

Description of your request

You will operate an educational grant program called X to provide direct experience in the development of affordable housing and/or the preservation of historic buildings or open spaces.

You will initially offer six grants in the amount of around y dollars per year for two consecutive years, eventually hoping to expand to at least 24 participants. You send invitations to representatives of various institutions in Z; currently, there are six institutions that have been identified. The grant information will be circulated among the representatives and students attending these institutions.

Any individuals who have at least a bachelor's degree and have demonstrated an interest through prior work or academic experience in affordable housing, historic buildings or open spaces is eligible to apply. Applicants will be required to submit a completed grant

application, along with letters of nomination and recommendation, and an official copy of their transcript.

Grant recipients will be selected after evaluation of all eligible applications by your trustees who have backgrounds in the area of community preservation, historic preservation, affordable housing and open space preservation. Your trustees will be assisted by an advisory committee of accomplished and knowledgeable professionals. No recipients will be related to the original donor or the trustees or members of the advisory committee.

Recipients will be selected based on the qualifications that they:

1. Have an interest in affordable housing, historic/open space preservation
2. Possess energy, past achievement, intelligence and understanding of the fields
3. Make a commitment to the duration of the grant program and in attending monthly gatherings
4. Have an intention to remain in Z for the future
5. Provide two references from those in the related fields in addition to the nominator
6. Hold an undergrad degree and can furnish a transcript
7. Commit to filing an annual report and assessment of their experience

Recipients could work with a 501(c)(3) organization or a for-profit company that offers the required project and learning experiences. You arrange monthly seminars where recipients may share ideas, discuss projects and learn more of the methods and techniques employed by the field experts. Each recipient will have an experienced mentor selected to develop and oversee the recipient's experiences. Each mentor will be asked on a regular basis to report to you on progress made by the recipient. At the end of each year, each recipient will be asked to produce a written report on his/her experiences.

Funds will be distributed to either the affiliated institution of the recipient or the recipient his/herself and in part will provide living support to recipients while participating in X

Basis for our determination

The law imposes certain excise taxes on the taxable expenditures of private foundations (Code section 4945). A taxable expenditure is any amount a private foundation pays as a grant to an individual for travel, study, or other similar purposes. However, a grant that meets all of the following requirements of Code section 4945(g) is not a taxable expenditure.

- The foundation awards the grant on an objective and nondiscriminatory basis.
- The IRS approves in advance the procedure for awarding the grant.
- The grant is:
 - A scholarship or fellowship subject to section 117(a) and is to be used for study at an educational organization described in section 170(b)(1)(A)(ii); or

- A prize or award subject to the provisions of section 74(b), if the recipient of the prize or award is selected from the general public; or
- To achieve a specific objective; produce a report or similar product; or improve or enhance a literary, artistic, musical, scientific, teaching, or other similar skill or talent of the recipient.

To receive approval of its educational grant procedures, Treasury Regulations section 53.4945-4(c)(1) requires that a private foundation show:

- The grant procedure includes an objective and nondiscriminatory selection process.
- The grant procedure results in the recipients performing the activities the grants were intended to finance.
- The foundation plans to obtain reports to determine whether the recipients have performed the activities that the grants were intended to finance.

Other conditions that apply to this determination

- This determination covers only the grant program described above. This approval will apply to succeeding grant programs only if their standards and procedures don't differ significantly from those described in your original request.
- This determination applies only to you. It may not be cited as precedent.
- You cannot rely on the conclusions in this letter if the facts you provided have changed substantially. You must report any significant changes in your program to the Cincinnati Office of Exempt Organizations at:

Internal Revenue Service
Exempt Organizations Determinations
P.O. Box 2508
Cincinnati, OH 45201

- You cannot make grants to your creators, officers, directors, trustees, foundation managers, or members of selection committees or their relatives.
- All funds distributed to individuals must be made on a charitable basis and must further the purposes of your organization. You cannot award grants for a purpose that is inconsistent with Code section 170(c)(2)(B).
- You should keep adequate records and case histories so that you can substantiate your grant distributions with the IRS if necessary.

We've sent a copy of this letter to your representative as indicated in your power of attorney.

Please keep a copy of this letter in your records.

If you have any questions, please contact the person listed at the top of this letter.

Sincerely,

Director, Exempt Organizations

Enclosure
Notice 437
Redacted letter